



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

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February 20, 2008

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, 25th Floor
P.O. Box 4025
Sacramento, CA 95812-4025

Dear Mr. Leary:

Final Audit Report: El Dorado County, Grant Agreements UOG7-03-0005, HD10-01-4875, and HD13-04-0024

Enclosed is the final report on El Dorado County's (County) Used Oil Opportunity grant and Household Hazardous Waste grant agreements UOG7-03-0005, HD10-01-4875, and HD13-04-0024 issued for the periods December 15, 2003 through February 28, 2007, September 1, 2001 through March 31, 2004, and August 1, 2004 through March 31, 2007, respectively. The Department of Finance, Office of State Audits and Evaluations (Finance), performed these audits under an interagency agreement with the California Integrated Waste Management Board (Board). These audits include a review of revenue, expenditures, internal control, and compliance with certain grant agreement provisions.

The County complied with the fiscal requirements of its agreements, and its revenue and expenditures were fairly stated. Since there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with Finance's policy of increased transparency, the final report will be placed on the Finance website.

We appreciate the County's assistance and cooperation with our audits. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Jennifer Whitaker, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, Chief
Office of State Audits and Evaluations

Enclosure

cc: On following page

GRANT AUDITS

El Dorado County Grants Agreements UOG7-03-0005, HD10-01-4875, and HD13-04-0024

Prepared By:
Office of State Audits and Evaluations
Department of Finance

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PREFACE

The Department of Finance, Office of State Audits and Evaluations, performed these audits under an interagency agreement with the California Integrated Waste Management Board (Board).

The Board awarded three grants to El Dorado County (County) for participation in the Used Oil Opportunity Grant Program and the Household Hazardous Waste Discretionary Grant Program. The grants were in the amount of \$130,967 (UOG7-03-0005) covering the period December 15, 2003 through February 28, 2007, \$157,913 (HD10-01-4875) covering the period September 1, 2001 through March 31, 2004, and \$186,866 (HD13-04-0024) covering the period August 1, 2004 through March 31, 2007. These grant agreements were funded by the Used Oil Recycling Fund and the Integrated Waste Management Account.

The objective of these audits were to determine the County's fiscal compliance with the aforementioned grants. These audits also assessed the County's compliance with applicable laws, regulations, and grant agreement requirements as well as a review of internal control. We did not assess the efficiency or effectiveness of program operations; this responsibility lies with the Board. The responsibility for financial reporting and compliance rests with the County.

This report is intended for the information and use of the Board and County management. However, the report is a matter of public record and its distribution is not limited.

STAFF:

Frances Parmelee, CPA
Manager

Jennifer Whitaker
Supervisor

Jason Craft
Alexandria Tu

INDEPENDENT AUDITOR'S REPORT

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, 25th Floor
P.O. Box 4025
Sacramento, CA 95812-4025

We have audited the accompanying El Dorado County's (County) *Statements of Revenue and Expenditures* (Statements) for grant agreements UOG7-03-0005, HD10-01-4875, and HD13-04-0024, covering the periods December 15, 2003 through February 28, 2007, September 1, 2001 through March 31, 2004, and August 1, 2004 through March 31, 2007, respectively. The grant agreements were executed between the County and the California Integrated Waste Management Board (Board). These Statements were prepared from the County's records and are the responsibility of County management. Our responsibility is to express an opinion on the Statements based on our audits.

We conducted our audits in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to provide reasonable assurance as to whether the Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audits provide a reasonable basis for our opinion.

The accompanying Statements were prepared, as described in Note 4, for the purpose of determining the County's fiscal compliance with the aforementioned grant agreements. The Statements are not intended to be a presentation of the County's total revenue and expenditures.

In our opinion, the Statements referred to above present fairly, in all material respects, the claimed and audited revenue and expenditures for grant agreements UOG7-03-0005, HD10-01-4875, and HD13-04-0024, for the periods stated above in conformity with accounting principles generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Statements are free of material misstatements, we performed tests of the County's compliance with certain provisions of laws, regulations, and the grant agreements, noncompliance with which could have a direct and material effect on the determination of the Statements' amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance

that are required to be reported herein under *Generally Accepted Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board and County management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

David Botelho, CPA
Chief, Office of State Audits and Evaluations
(916) 322-2985

January 25, 2008

STATEMENT OF REVENUE AND EXPENDITURES

El Dorado County
Used Oil Opportunity Grant Agreement UOG7-03-0005
For the Period December 15, 2003 through February 28, 2007

Revenue:	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
State Grant	\$120,097	\$120,097	\$ 0
Expenditures:			
Permanent Collection Facilities	40,723	40,723	0
Residential Collection	2,519	2,519	0
Publicity and Education	54,977	54,977	0
Personnel/Other	<u>21,878</u>	<u>21,878</u>	<u>0</u>
Total Expenditures	<u>120,097</u>	<u>120,097</u>	<u>0</u>
Excess of Revenue over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUE AND EXPENDITURES

El Dorado County
Household Hazardous Waste Grant Agreement HD10-01-4875
For the Period September 1, 2001 through March 31, 2004

Revenue:	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
State Grant	\$150,999	\$150,999	\$ 0
Expenditures:			
Temporary Collection Facilities	105,483	105,483	0
Publicity and Education	19,782	19,782	0
Personnel/Other	<u>25,734</u>	<u>25,734</u>	<u>0</u>
Total Expenditures	<u>150,999</u>	<u>150,999</u>	<u>0</u>
Excess of Revenue over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUE AND EXPENDITURES

El Dorado County
Household Hazardous Waste Grant Agreement HD13-04-0024
For the Period August 1, 2004 through March 31, 2007

Revenue:	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
State Grant	\$97,899	\$97,899	\$ 0
Expenditures:			
Permanent Collection Facilities	51,148	51,148	0
Publicity and Education	35,869	35,869	0
Personnel/Other	<u>10,882</u>	<u>10,882</u>	<u>0</u>
Total Expenditures	<u>97,899</u>	<u>97,899</u>	<u>0</u>
Excess of Revenue over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENTS OF REVENUE AND EXPENDITURES

El Dorado County Grant Agreements UOG7-03-0005, HD10-01-4875, and HD13-04-0024

NOTE 1 Description of the Reporting Entity

El Dorado County (County), a political subdivision of the State of California governed by an elected Board of Supervisors, exercises the powers specified by the Constitution and statutes of the State. The County's reporting entity includes all significant organizations, departments, and agencies over which the County's Board exercises oversight and budgeting responsibilities. The County's Environmental Management Department had general responsibility for these grant projects.

NOTE 2 Program Information

The Legislature created the Integrated Waste Management Account (Public Resources Code Section 48001) to support the reduction, recycling, and reuse of solid waste and the protection of public health and safety through regulation of solid waste handling. The California Integrated Waste Management Board (Board) administers the Integrated Waste Management Account, which includes the Hazardous Household Waste (HHW) Discretionary Grant Program.

The Legislature enacted the California Oil Recycling Enhancement Act (Public Resources Code Sections 48600 through 48691) to reduce the illegal disposal of used oil, and to recycle and reclaim used oil to the greatest extent possible. A portion of the account is to be issued as grants approximately every two years to local government and agencies directly responsible for solid waste management. The intent of the grant funds is to encourage local governments to expand, implement and/or improve their used oil collection opportunities. The Board administers the California Oil Recycling Enhancement Act, which includes the disbursement of Used Oil Opportunity Grants (UOG) from the Used Oil Recycling Fund.

The HHW and UOG grants are competitive grants available to help local governments establish or expand HHW collection programs or used oil collection activities. Each fiscal year, the Board allows California cities, counties, and local agencies, including Indian reservations and rancherias to apply.

NOTE 3 Description of Grants

The County was awarded grant agreement UOG7-03-0005 in the amount of \$130,967 for the period December 15, 2003 through February 28, 2007. This grant agreement provided funding to: (1) expand the County's oil absorbent drop off facilities for outdoor enthusiasts; (2) utilize community-based social marketing processes, principles, and techniques to encourage outdoor enthusiast behavior to absorb oil spills and bilge water contamination and dispose of the oil in facilities provided; and (3) establish used oil and used filter door-to-door pick up in under served rural areas of the County.

The County was awarded grant agreements HD10-01-4875 and HD13-04-0024 in the amounts of \$157,913 and \$186,866 for the periods September 1, 2001 through March 31, 2004 and August 1, 2004 through March 31, 2007. These grant agreements provided funding to: (1) expand the County's door-to-door program to collect HHW from residents; and (2) utilize community-based social marketing processes, principles, and techniques to encourage resident behavior to dispose HHW.

NOTE 4 Summary of Significant Accounting Policies

A. Basis of Presentation

The Statements presented in this report were prepared from the County's accounts and financial transactions. The Statements summarize revenue and expenditures recorded by the County during the grant reporting periods.

The Statements summarize the County's transactions pertaining to grant agreements UOG7-03-0005, HD10-01-4875, and HD13-04-0024 only, and is not intended to represent all of the County's financial activities.

B. Basis of Accounting

The County's accounts are maintained on the modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenue is recognized as it becomes measurable and available, and expenditures are recorded at the time the liabilities are incurred.